

Message Text

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PAGE 01 STATE 075381

63

ORIGIN NEA-12

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

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DRAFTED BY NEA/ ARN: EPDJEREJIAN: BDF

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APPROVED BY NEA/ ARN: DAKORN

EB/ IFD/ OIA - MR. KENNEDY

EXIM - MR. HAMMOND (SUBS)

EB/ ORF/ FSE - MR. BROWN

EB/ IFD/ ODF - MRS. SCHAFFER

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R 210049 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY BEIRUT

C O N F I D E N T I A L STATE 075381

E. O. 11652: GDS

TAGS: BGEN, IZ

SUBJ: IRAQ' S STATUS WITH EXIM BANK

BEIRUT POUCH BAGHDAD

1. EXIM BANK HAS ACCEPTED DEPARTMENT' S RECOMMENDATION, FOLLOWING SETTLEMENT OF IPC DISPUTE, TO MAKE IRAQ ELIGIBLE FOR EXIM CREDITS, GUARANTEES AND INSURANCE. HOWEVER, WE NOTE SOME HESITATION WITHIN EXIM TO GET INVOLVED IN MAJOR ACTIVITIES IN IRAQ BECAUSE OF UNCERTAINTY OVER POLITICAL ORIENTATION OF IRAQI REGIME. NEVERTHELESS, EXIM WILLING TO CONSIDER APPLICATIONS ON BASIS MERITS EACH CASE.

2. EXIM BANK CURRENTLY HAS REQUEST FOR CREDIT EXTENSION INVOLVING BROWN AND ROOT, INC. OF HOUSTON THROUGH INTER-MEDIARY OF INTER- FINANCIAL CORPORATION OF NEW YORK AND
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PAGE 02 STATE 075381

HOUSTON ON BIDS FOR FAO OFFSHORE TERMINAL AND PIPELINE PROJECT FOR INOC. ACCORDING TO US FIRMS, CONTRACT NEGOTIATIONS WILL BE HANDLED BY STATE CONSULTATION COMPANY FOR OIL PROJECTS (SCCOP). PROJECT WHICH WOULD INCLUDE ONSHORE AND OFFSHORE FACILITIES, WOULD HANDLE 80 MILLION TONS OF CRUDE PER YEAR WITH POSSIBLE EXPANSION TO 120 MILLION TONS. TOTAL VALUE OF PROJECT ESTIMATED TO BE APPROXIMATELY 350 MILLION DOLS. US COMPANIES CLAIM INOC AND SCCOP VERY INTERESTED IN ESTABLISHING LINE OF CREDIT OUT OF US. FRENCH REPORTEDLY HAVE ALLOCATED 50 MILLION DOLS FOR THIS PROJECT. JAPANESE ALSO INTERESTED IN EXTENDING CREDIT BUT SUM NOT FIXED. US FIRMS MAINLY INTERESTED IN OFFSHORE PORTION OF PROJECT AND STATE MOST OF THEIR COSTS WILL BE IN EQUIPMENT RENTAL AND US TECHNICAL KNOWHOW AND LABOR. INTER- FINANCIAL ASKING EXIM FOR 45 MILLION DOLS LOAN AND 45 MILLION DOLS GUARANTEE FOR PUMP STATION AND TANK LOADING FACILITY. US COMPANIES' BID DUE MAY 15 AND COMPANIES SEEKING EXIM BANK DECISION PRIOR TO THAT DATE. DEPARTMENT INFORMED EXIM WE HAVE NO RPT NO OBJECTION.

3. EXIM HAS INDICATED THAT IT HAS SOME DIFFICULTIES WITH THIS PROJECT BECAUSE OF (A) MAGNITUDE OF PROJECT AS FIRST CASE TO COME TO IT AFTER IPC SETTLEMENT; (B) INCOMPLETE INFORMATION AVAILABLE TO EXIM BANK AT THIS TIME CONCERNING DETAILS OF PROJECT; AND (C) EXIM BANK'S PREFERENCE DEAL DIRECTLY WITH US SUPPLIERS AND/ OR IRAQI GOVERNMENT INSTEAD OF INTERMEDIARY AS IN THIS CASE.

4. EXIM BOARDS' DECISION THIS CASE EXPECTED WITHIN TWO WEEKS. WOULD APPRECIATE ANY RECOMMENDATIONS YOU MAY HAVE CONCERNING BROWN- ROOT PROJECT OR THOUGHTS ON OTHER ASPECTS OF PROBLEM OF PROMOTING FINANCING OF US EXPORTS TO IRAQ. PORTER

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